



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## EU-25

### Agricultural Situation

## New EU Rural Development Regulation adopted 2005

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**Report Highlights:**

The new EU Rural Development Regulation for 2007-2013 was formally adopted at the Agricultural Council meeting on September 19-20, 2005. However the budget has not yet been agreed upon and will be discussed again in December.

In this new agreement, the funding will be centralized to single fund. The European Agriculture Fund for Rural Development (EAFRD), and the regulation is focused around three axes: improving competitiveness of farming and forestry, environmental stewardship in land management and improving quality of life in rural areas.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2]  
[E3]

In the Agriculture Council meeting in Brussels September 19-20, the ministers adopted the Rural Development (RD) Regulation 2007-2013, that was agreed at the June Council, including minor alterations to exclude references to future funding because of the lack of financial perspectives, and slight adjustments to rules on organic agriculture.

In the new agreement, RD funding will be centralized in one single fund: the European Agriculture Fund for Rural Development (EAFRD). In this fund all sources of rural funding will be drawn together. The RD budget for 2007-2013 is not yet set, the amount discussed was €74.2 billion. The RD budget will be discussed again in the next Agricultural budget discussions in December.

In the new agreement on Rural Development the regulation is focused around three axes.

**Axes 1:** Improving competitiveness of farming and forestry, gets minimum 10 percent of the RD budget

**Axes 2:** Environmental stewardship in land management, minimum 25 percent

**Axes 3:** Improving the quality of life in rural areas, minimum 10 percent.

Another 5 percent of the RD budget is also set aside for LEADER+ (Liaison Entre Actions du Développement Economique) Rural type schemes. For the New Member States, the share for LEADER+ is 2.5 percent. LEADER+ is an initiative to get local actors to consider long-term potential of their region, it has a strong focus on partnership and network. See Gain [E34095](#)

There is also a premium payment to encourage young farmers to enter the sector. The premium is set at €55,000, and the farmer has to comply with EU standards within 3 years.

Currently there is no definitive decision on the treatment of Less Favored Areas (LFA) and so status quo is likely to remain for the next few years. The discussion on the LFA will be reopened in 2008 and any changes will become effective in 2010.

The level of aid for afforestation has been raised to 70 percent outside LFA, and 80 percent in the LFA. In both cases this represents an increase in the level of aid of 30 percent. In the outermost regions of the EU, the aid for afforestation is raised by 10 percent and is now 85 percent. In addition, the maximum amount for loss of income has been raised to €700/ha.

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